

Message Text

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44

ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 NEAE-00 SSO-00 NSCE-00 USIE-00

INRE-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 ACDA-05 OMB-01

SAJ-01 EB-07 TRSE-00 AID-05 IGA-01 IO-10 SCCT-01 /091 W

----- 123242

O R 011601Z MAY 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC IMMEDIATE 3681

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

USINT BAGHDAD

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY RABAT

AMEMBASSY SANAA

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

AMEMBASSY MOSCOW

AMEMBASSY LONDON

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EO 11652: NA

TAGS: PFOR PINT EG

SUBJECT: SADAT'S MAY DAY SPEECH

SUMMARY: SADAT'S TRADITIONAL MAY 1 SPEECH DEALT CHIEFLY
WITH FOREIGN AFFAIRS. HE STRESSED DESIRE FOR "BEST POSSIBLE
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RELATIONS" WITH BOTH US AND USSR, BUT BLAMED SOVIETS FOR

NOT REPLACING WAR LOSSES, IMPLIED MOSCOW HAD MALICIOUSLY WARNED PALESTINIANS THAT USG AND GOE HAD PRE-ARRANGED A SECOND SINAI DISENGAGEMENT, AND AGAIN REQUESTED GRACE PERIOD ON DEBTS. SADAT PRAISED TIRELESS AND HONORABLE PEACE EFFORTS OF SECRETARY, BUT ADDED "IT IS HIGH TIME" USG DEFINES STAND TOWARD ISRAEL; POLICY REASSESSMENT MUST MAKE CLEAR WHETHER USG PROTECTS ISRAEL WITHIN HER BORDERS OR PROTECTS HER CONQUESTS. EMBASSY DETECTED NO SABER RATTLING IN SPEECH. PRESIDENT SAID EVEN IF GENEVA FAILS, SEFL-CONFIDENT EGYPT NEED NOT BE PESSIMISTIC. NEXT FEW DAYS WILL REVEAL DIPLOMATIC MOVEMENTS; "THERE IS NO MILITARY MOVEMENT." ON DOMESTIC ISSUES, SADAT SAID SABOTAGE AND DEMONSTRATIONS ARE INTOLERABLE. ARMY, POLICE, PUBLIC SECTOR, AND GOVT WORKERS ARE TO GET HIGH COST OF LIVING ALLOWANCE. END SUMMARY.

1. SADAT DELIVERED MAY DAY SPEECH BEFORE LARGE CROWD IN ASSIUT STADIUM. HE SPOKE EXTEMPORANEOUSLY, RARELY REFERRING TO HIS NOTES. MOST OF CABINET WAS PRESENT. BULK OF PRESIDENT'S 90 MINUTE ADDRESS DEALT WITH FOREIGN POLICY. AFTER RELATING EVENTS OF OCTOBER WAR, AND NOTING EGYPT HAD IN 26 YEARS DISBURSED ON BEHALF ARAB CAUSE A TOTAL OF LE 10 BILLION, HE TURNED TO FOLLOWING MAIN POINTS:

2. GOE/SOVIET RELATIONS: FROM OCTOBER 73 TO JANUARY 75 WE GOT NOTHING FROM SOVIETS EXCEPT TANKS, WHICH WERE PARTIALLY PAID FOR BY BOUMEDIENNE DURING WAR. IN DECEMBER, SOVIETS RELEASED ARMS WHICH SHOULD HAVE BEEN DELIVERED IN 1973-74. SHIPMENT BEGAN ONLY IN JANUARY 75. SOVIETS REFUSED TO REPLACE OUR LOSSES EVEN AFTER WE OFFERED TO PAY.

3. SOVIET DEBT SQUEEZE: I AM VERY EAGER TO MAINTAIN BEST POSSIBLE RELATIONS WITH SOVIETS. WE CANNOT FORGET HIGH DAM AND DARK HOUSE OF 1967. BUT I CANNOT NOW PAY DEBT INSTALLMENTS SINCE I CANNOT ASK EGYPTIANS TO TIGHTEN BELTS FURTHER. ON HIS RETURN FROM MOSCOW, FAHMY TOLD ME SOVIETS CONSIDER POSTPONEMENT OF DEBTS EGYPTIAN IMPOSITION OF CONDITIONS. THIS IS NOT TRUE; FURTHER, WE DO NOT ALLOW OTHERS TO IMPOSE CONDITIONS ON US. I ASKED OUR SOVIET FRIENDS TO TAKE OUR POSITION INTO CONSIDERATION. WE WILL NOT STOP RECONSTRUCTION OR BUILDING OF OUR ARMED FORCES.

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4. ASWAN SHUTTLE: PRESIDENT FORD PROPOSED TWO STAGE KISSINGER MISSION. GOE MADE COUNTER PROPOSAL OF ONE TRIP, BUT ACCEPTED US NOTION THAT FIRST VISIT WOULD BE EXPLORATORY. I KNEW BEFORE SHUTTLE ENDED IT WOULD BE USELESS, EVEN THOUGH KISSINGER EXERTED EVERY EFFORT HONESTLY AND SINCERELY. ISRAEL WAS UNREADY AND INCAPABLE OF AGREEING; GOE IS WEAK AND DIVIDED, AS WERE WE BEFORE OCTOBER.

5. ARAB REACTION TO FAILURE: SOME SINCERE ARABS, NOT INCLUDING THOSE WHO ENGAGED IN SLANDEROUS CAMPAIGN, FELL VICTIM TO OLD COMPLEX THAT US WILL FOOL US. BUT WE NEED FEAR NOTHING SINCE WE ARE STRONG WILLED AND SELF-CONFIDENT. DURING SHUTTLE, SOME ARAB PAPERS ACTUALLY PUBLISHED ALLEGED SECRET US/GOE AGREEMENT AND SOME BIG COUNTRIES (READ USSR) WHISPERED TO PALESTINIANS THAT EGYPT HAD ABANDONED THEM AND HAD SETTLED MATTERS WITH US. SHUTTLE FAILED AND WE LEAVE THEM TO THEIR CONSCIENCES. WE WILL GO TO GENEVA AND IF IT FAILS THERE IS STILL NO REASON FOR PESSIMISM.

6. MESSAGE TO USG: LAST YEAR "US PAID 250 MILLION DOLLAR AID FROM WHICH WAS DEDUCTED COST OF CANAL, BECAUSE US FLEET PARTICIPATED FREE OF CHARGE" (SIC--APPARENTLY SADAT MADE SLIP IN HIS EXTEMPORANEOUS REMARKS.) " I AM NOW TALKING WITH PRESIDENT FORD." USG HOLDS MOST OF THE CARDS, SUPPLYING EVERYTHING TO ISRAEL--BREAD, BUTTER, GUNS. "BUT, ISRAEL IS EXERTING PRESSURE. AT A TIME OF US POLICY REASSESSMENT, I MUST SAY (TO USG).. THAT IT IS HIGH TIME THAT AMERICAN DEFINES ITS STAND TOWARD ISRAEL. WE WANT CLEAR-CUT STAND. IS AMERICA PROTECTING ISRAEL INSIDE HER BORDERS OR INSIDE THE TERRITORIES SHE USURPED AND OCCUPIED

FROM OTHERS? ALL THAT MUST BE MADE CLEAR IN THE US POLICY

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TO SECSTATE WASHDC IMMEDIATE 3682

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REASSESSMENT. WE SHALL MAINTAIN BEST POSSIBLE RELATIONS
WITH US AS WE DO WITH USSR.

7. DIPLOMATIC ANNOUNCEMENT IMMINENT: "YOU WILL HEAR IN
COMING FEW DAYS ABOUT DIPLOMATIC MOVEMENTS. SINCE THERE IS
NO MILITARY BATTLE, THERE WILL BE A DIPLOMATIC BATTLE.
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TOMORROW YOU WILL KNOW ABOUT RESULTS OF THIS BATTLE."
WE WILL NOT ALLOW RETURN OF NO WAR-NO PEACE; ISRAEL MUST
WITHDRAW; PALESTINIAN RIGHTS MUST BE RECOGNIZED.

8. ECONOMIC PROBLEMS: ISRAEL HAS BLANK CHECK FROM US,
BUT WE ARE EATING OUR OWN FLESH. DURING AND AFTER WAR,
ARAB FRIENDS HELPED: ZAYID BORROWED MONEY FOR US FROM
LONDON BANKS; KUWAIT HELPED SECRETLY; FAISAL, QATAR
AND BAHRAIN ALL HELPED. "I HOPE THIS WILL MAKE MU'AMMAR
QADHAAFI FEEL ASHAMED." (CROWD CHANTING: "GIVE IT TO
HIM, SADAT".) WE NEED TECHNOLOGY, WHICH CAN COME ONLY
BY "OPEN DOOR" TO WEST AND EAST ALIKE.

9. DOMESTIC ECONOMIC DISTRESS AND UNREST: WE SHOULD
NOT ALLOW ANYONE TO EXPLOIT OUR DIFFICULTIES. ALTHOUGH THERE
IS TRANSPORT CRISIS, 40 BUSES WERE DESTROYED BY DENONSTRATORS
ON JAN 1. HATE AND ANGER ARE WRONG. THESE ARE HARD TIMES,
ESPECIALLY FOR THOSE WITH LIMITED INCOMES. "BUT FROM TODAY
I WILL NOT REPEAT NOT ALLOW SABOTAGE OR STOPPAGE OF PRODUCTION."

10. COST OF LIVING ALLOWANCE: SADAT READ FOUR POINT
ANNOUNCEMENT. AS OF MAY 1:

A. ALL LIMITED INCOME PERSONNEL IN GOE, PUBLIC SECTOR, ARMED FORCES AND POLICE ARE TO BE GIVEN A HIGH COST OF LIVING ALLOWANCE, REACHING NO MORE THAN THIRTY PERCENT OF INCOME, PROVIDED TOTAL PAY DOES NOT EXCEED L.E. 50 (PER MONTH). COST TO GOE WILL BE L.E. 84 MILLION.

B. PRIMIN HAS BEEN ASKED TO STABILIZE PRICES OF COMMODITIES AND ATTEMPT TO CUT SOME PRICES.

C. PRIMIN WILL ENDEAVOR MAKE SUPPLY COMMODITIES AVAILABLE TO ALLEVIATE DAILY BURDENS.

D. PRIMIN WILL RECONSIDER TAX SYSTEM TO ENSURE JUSTICE IN DISTRIBUTING BURDENS.

II. HEGAZI: CABINET RESHUFFLE OCCURRED BECAUSE OPEN DOOR WAS NOT PROCEEDING WITH NECESSARY SPEED. HEGAZI WORKED HONORABLE AND FAITHFULLY.
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12. COMMENT: SPEECH WAS TEMPERATE IN TONE AND CONTAINED NO STARTLING REVELATIONS. LOCAL CURIOSITY IS WHETTED BY REFERENCE TO IMPORTANT DIPLOMATIC ANNOUNCEMENT WHICH SADAT SAID IS IMMINENT. EMPHASIS WAS DEFINITELY ON DIPLOMACY; WE DETECTED NO SABER RATTLING. USG, HOWEVER, HAS BEEN PUT ON NOTICE: GOE WANTS TO KNOW WHAT WE PROPOSE TO DO ABOUT ISRAELI OCCUPATION. SOVIETS WILL PRESUMABLY NOT BE PLEASED BY PROFESSIONS OF DESIRE FOR GOOD RELATIONS INTERPOSED WITH COMPLAINTS ABOUT SOVIET STINGINESS. QADHAAFI GOT OFF SURPRISINGLY LIGHTLY, WHICH MAY INDICATE THAT SADAT, THOUGH PROBABLY NOT MININFO, WILL RETURN TO DIGNIFIED PUBLIC RESTRAINT ON SUBJECT OF LIBYA.

13. NEW COST OF LIVING ALLOWANCE WILL BE WELCOMED. INCLUSION OF ARMY AND POLICE IN NEW ALLOWANCE IS SIGNIFICANT, BUT SHOULD NOT BE READ AS INDICATION OF DEFINITE OR IMMINENT DISLOYALTY IN SECURITY FORCES, BUT RATHER AS PREVENTIVE MEASURE.
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